

**Meeting of the
Board of Medical Assistance Services
600 East Broad Street, Suite 1300
Richmond, Virginia**

October 1, 2002

DRAFT Minutes

Present:

Alan Bigley, M.D.
Rose C. Chu
Manikoth G. Kurup, M.D.
Terone B. Green
Elmer Neil, M.D.
James T. Parmelee
Marc Wheat

Absent:

Karen Beauchamp
Joseph Green
Steven Minter
H. Scott Seal

DMAS Staff:

Patrick Finnerty, Director
Cynthia Jones, Chief Deputy Director
Manju Ganeriwala, Deputy Director of
Administration and Finance
Nancy Malczewski, Public Relations Specialist
Tyris Taylor, Admin. Office Specialist III
Paige Fitzgerald, Counsel for the Board
David Shepherd, DMAS Pharmacist
Alan MacDonald, Director of Information Mgt.
Cheryl Roberts, Director of Managed Care
Kathy Kotula, Director of Policy and Research
Michael Jay, Director of Budget
Stanley Fields, Director of Cost Settlement
Chris Doucette, HIPAA Privacy and Security Officer

Guests:

Michael Heinzmann, Purdue Pharma
Hobart Harvey-VHCA
Stacey Poole-TAP Pharmaceuticals

Call to Order

Mr. James Parmelee, Vice Chairman of the Board, called the meeting to order at 10:00 a.m.

Not yet having a quorum, Mr. Parmelee asked that the first report on the agenda be addressed.

Reusing Controlled Drugs in Nursing Homes

Patrick Finnerty, Director, noted that Steve Minter had asked that the issue of reusing controlled drugs in nursing homes be addressed. It was noted that the handout was revised from the one previously sent to the Board to further address Mr. Minter's questions. David Shepherd, DMAS Pharmacist reviewed with the Board the information contained in the handout and explained the current procedures for handling unused prescription drugs. Mr. Sheperd explained the different

processes and regulations that apply to the various types of prescription drugs (i.e. Scheduled drugs) and the way in which the drugs are packaged. (E.g. unit dose, blister packs, etc.). He also noted that the new MMIS will improve the Department's ability to manage this issue. Mr. Shepherd also responded to questions asked by Board members.

Family Access to Medical Insurance Security Plan (FAMIS) Update

Ms. Cynthia Jones, Chief Deputy Director, provided an update on FAMIS. She reviewed the enrollment numbers, the program challenges, major accomplishments, private and public partnerships, and future plans. Ms. Jones' handout contained detailed information on all of these topics.

Ms. Jones described the numerous changes that occurred September 1, 2002, for the FAMIS Plan and the Medicaid program. These changes were made to make the program easier for families to enroll their children, and to streamline the administrative process. Ms. Jones reviewed actions taken by the 2002 General Assembly, which have been implemented as part of the overall revisions to the program.

Ms. Jones further explained that DMAS was working with Private/Public Partnerships to increase enrollment of children by training community workers through grants and matching funds. DMAS is focusing on one key outreach, a comprehensive back-to-school campaign. All Title I schools will receive information about children's health insurance. In addition, outreach events at schools, health fairs and shopping malls continue. Children on free or reduced price school lunch programs are also being contacted. DMAS is working closely with the Department of Education and Department of Health.

Governor Warner has designated the week of October 13-20, 2002 as "Children's Health Insurance Week." DMAS helped prepare an insert on Children's health issues, including FAMIS, which will be placed in newspapers on October 6. Future steps for DMAS include evaluating further FAMIS/Medicaid program improvements, and continuing to expand partnerships.

Ms. Jones responded to various questions regarding differences between Medicaid and FAMIS, provider issues, and the cost of covering a child in Medicaid vs. FAMIS.

Chairman's Comments

Mr. Parmelee asked for a motion to review and approve the Minutes of the June 11, 2002 meeting. Doctor Neil noted on page two, fifth paragraph, last sentence should read "Old Dominion" Medical Society of Virginia. Upon noting that correction Dr. Neil made the motion to accept the Minutes and Mr. Wheat seconded. The vote was **7-yes (Bigley, Chu, T. Green, Kurup, Neil, Parmelee, and Wheat); 4-Absent.**

Medicaid Cost Savings Initiative

Mr. Patrick Finnerty provided an update on the Medicaid Cost Savings Initiative. He noted language in the 2002 Appropriation Act mandated that DMAS identify additional general fund savings of no less than \$10 million in FY 04. A facilitation group of interested parties such as providers and advocacy groups was established to help identify potential actions to generate the required savings. DMAS contracted with Barbara Hulburt to facilitate the process of identifying cost containment measures. He noted the group met nine times in May, June, July and August. There was a tremendous amount of participation. Over 60 people attended the meetings.

Mr. Finnerty reviewed with the Board a spreadsheet which summarized the various cost savings proposals that were discussed and considered by the workgroup. The proposals were categorized as follows: Category A—Proposals that would produce savings—with a clear consensus of support. In this case there was 100% agreement. Category B—Proposals that would produce savings—some people opposed or had some level of concern. Category C—Proposals that would produce savings—high level of concern or opposition. Category D—May produce savings but will require further study before the savings can be identified. Category E—Not likely to produce savings.

Mr. Finnerty discussed the proposals included in Category A. A brief explanation of each Category A proposal was provided. Mr. Finnerty responded to various questions about the proposals. One proposal includes reducing the number of nursing home residents taking a Beer's list drug. (A description of these Beer's list drugs will be provided to the Board.)

Mr. Wheat questioned why \$1 million will be saved by implementing the Family Planning Waiver. Mr. Finnerty noted that the 1999 General Assembly passed legislation requiring DMAS to implement the waiver. However, because the waiver is just now being implemented, the savings had not been captured in the Budget. Mr. Wheat also asked what services are included in the waivers. Kathy Kotula responded that the waiver covers family planning services such as contraceptives and counseling. The legislation prohibits the waiver from covering payment for abortions. (A copy of the legislation will be provided to the Board.)

Mr. Finnerty responded to several other questions that Board members asked regarding several other proposals included in the handouts.

Status of the New MMIS/HIPAA Project & HIPAA Requirements

Mr. Finnerty introduced Alan MacDonald, Director of Information Management, who gave a brief overview of the project status for the new Medicaid Management Information System (MMIS). The presentation discussed milestones, accomplishments, upcoming decisions, and provider training and outreach. He also gave an overview of the Health Insurance Portability and Accountability Act (HIPAA), and actions taken by DMAS to implement HIPAA requirements.

Mr. MacDonald provided a handout that addressed both MMIS and HIPAA issues. Mr. MacDonald stated that while there have been many difficulties in the past with development of the new MMIS, the system is scheduled to be implemented on June 27, 2003. Significant

improvements in the system development have occurred over the last several months. DMAS will be informing providers about the implementation of the new MMIS during the coming months. The new MMIS will be HIPAA compliant.

Two weeks ago, CMS reviewed the status of the HIPAA work done at DMAS. CMS considers Virginia (DMAS) to be in the forefront of state efforts to comply with HIPAA. DMAS has an extensive HIPAA web site. DMAS has been working with providers and the provider community. Chris Doucette, DMAS HIPAA Privacy and Security Officer, noted that additional provider outreach can be found at the Mid-Atlantic Healthcare Initiative (MAHI). This group provides HIPAA Awareness, Education and Provider Outreach, see www.mahicentral.org.

Medicaid Physician Advisory Committee

Since Mr. Finnerty had to attend another meeting, he asked that the Medicaid Physician Advisory Committee (MPAC) be moved up on the agenda. Mr. Finnerty stated that the Board had asked him to set up the Medicaid Physician Advisory Committee. A list of organizations contacted for nominations to the MPAC was distributed. He had contacted groups twice by writing and then with follow-up phone calls. As of today, the committee has not been set up because DMAS has not heard from some groups. Mr. Finnerty assured the Board that the MPAC will have minority physicians and geographic representation from across the Commonwealth. Mr. Finnerty noted that he would provide a copy of the letter sent and the nominations received to the Board members so they might help assist by contacting the outstanding groups.

Budget Update

Manju Ganeriwala, Deputy Director of Administration and Finance, gave an overview of the budget reduction plans, targeted reductions, Medicaid forecast, and other funding needs. A handout was provided with information on each topic. In the 2002 Appropriation Act, there was a required four (4) percent across-the board reduction. Due to worsening revenue projections, Governor Warner asked each state agency to provide budget reduction plans for an additional seven (7) percent, 11 percent, and 15 percent. This ranges from \$3.1 million to \$6.6 million. These are currently Governor's confidential working papers. DMAS will be working closely with the Department of Planning and Budget (DPB) and the Cabinet Secretaries. The reduction plans apply only to DMAS's administrative budget. Additional targeted cuts to the Medicaid program are expected.

A budget forecast is due to the General Assembly on November 15. The forecast may be revised for utilization and inflation. Mr. Green noted that physicians have not received an increase in 15 years. Ms. Ganeriwala noted that it is not at the agency's discretion as to who receives an increase. Mr. Michael Jay, Director of Budget, noted that the budget cannot be increased except by the Appropriations Act, and the budget must be budget neutral. Ms. Ganeriwala continued that there may be a need for additional funding for HIPAA and the new transportation Request for Proposals (RFP). She noted that utilization was higher than anticipated. There was discussion among Board members and staff regarding the transportation costs. Mr. Jay noted that the Commonwealth saved more than one-half by using brokers. Part of the reason why

transportation costs are expected to increase is that both brokers indicate they are losing money, and that the new RFP includes enhanced service levels for clients with special needs.

OLD BUSINESS

Regulatory Activity Summary

There were no comments on the regulatory issues or updates.

New Business

Mr. Parmelee asked if there was any new business, there was none. He then stated there was a public comment period and asked if anyone had signed up or wanted to speak. There was no comment.

Adjournment

Mr. Parmelee stated that the next meeting of the Board is scheduled for December 10, 2002. He asked if there were any other questions, having none, the meeting was adjourned at 12:35 p.m.